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|--|--|--|---|--|--|--|--|--|--|
| Subject's name and aliases dba Movie Gallery Incorporated | | | | .ed | Character of case Interstate Transportation of Obscene Material Complainant Protect Source American Family Association Complaint received by Field Office Mobile Personal Telephone Telephone | | | | |
| | | | | | | | | | |
| Addre | ss of Subj | ect | | | | and telephone number | | | |
| | | Gallery | Inc. | | | | | | |
| | | est Main n, AL 363 | 301 | | Complainánt's DOB | | Sex | | |
| | Race | Male | Height | ¥-121f | Build | Birth date and birth place | | | |
| Description | ∆ge | Female | Weight | Eyes | Complexion | Social Security Number | | | |
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1430-110-44932 D

Headquarters in Dothan, Alabama. According to Mr. this shipment of merchandise constitutes obscene material.

According to Mr. Movie Gallery Headquarters, 900 West Main, Dothan, Alabama 36301, is run by President

Mr. has gathered information from various former employees of Movie Gallery, and has personally taken some pictures of material available in some back rooms of Movie Gallery locations. These materials will be enclosed in a 1A envelope.

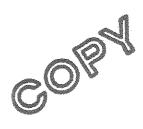
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AFFIDAVIT

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|-------------------------------------|----|
| for the American Family Association | n, |

Inc. attest that during 2003 I personally telephoned 926 Movie Gallery Stores and inquired whether or not each store had an "adult gallery." 413 stores reported that they did have a hard-core back-room or "adult gallery" in addition to the standard "mature gallery," which features *Playboy* type videos. I certify that I have a log recording the Movie Gallery stores I called, who I talked to, and whether or not they reported an "adult gallery."

In January, 2005, Movie Gallery stated that when they acquires video stores, Movie Gallery continues to operate any existing "adult galleries." Movie Gallery added more than 595 stores during 2003 and 2004.



STATE OF MISSISSIPPI COUNTY OF LEE

PERSONALLY APPEARED BEFORE ME, the undersigned authority in and for the said county and state, on this 11th day of February, 2005, within my jurisdiction, the within named Randall Lynn Sharp, who acknowledged that he executed the above and foregoing instrument.

Notary Public

My Commission Expires:

Gunut i 2068

(Affix official seal, if applicable)

PUBLIC COUNTY, MARKET

Notary Public State of Mississippi At Large My Commission Expires August 6, 2008 BONDED THRU HEIDEN, BROOKS & GARLAND, INC.



LAW OFFICES OF

DORRILL, PETTIT, CROSBY & WHITE

105 SOUTH MADISON STREET KOSCIUSKO, MISSISSIPPI 39090

TELEPHONE: 662-289-1133 FACSIMILE: 662-289-1804 email: kosylaw@bellsouth.net

GEORGE L. DORRILL DOUG S. CROSBY JASON M. WHITE OF COUNSEL: OTHO E. (BUBBA) PETTIT, JR.

November 1, 2004

| Ms Movie Gallery Services, Inc. 333A Highway 12 East Kosciusko, Mississippi 39090 | VIA CERTIFIED MAIL Return Receipt Requested |
|--|--|
| Mi Movie Gallery Services, Inc. 900 West Main Dothan, Alabama 36301 | |
| RE: Obscene Material | |
| Dear Ms. and Mrs | |
| I am the City Prosecutor for the C | city of Kosciusko, Mississippi. |

I have recently been advised that the Movie Gallery video store in Kosciusko, Mississippi has materials that may be in violation of Section 97-29-101 of the Mississippi State Code. This statute states:

"A person commits the offense of distributing obscene materials... when he... rents to any person any obscene material... or possesses such material with the intent to do so."

Section 97-29-103 of the Mississippi State Code defines the word "obscene."

November 1, 2004 Page -2-

Section 97-29-109 of the Mississippi State Code then states that any person who violates Section 97-29-101:

"... shall be guilty of a misdemeanor and, upon conviction, shall, in the case of the first offense, be fined not more than Five Thousand Dollars (\$5,000.00) or imprisoned in the County Jail for a term not to exceed six (6) months, or both."

I am therefore writing you this letter and requesting that you review all of the materials in your Kosciusko, Mississippi store and remove any obscene materials from that store within thirty (30) days from the date of this letter.

If all such obscene material has not been removed from the store within thirty (30) days from the date of this letter, I will have no choice as City Prosecutor but to take appropriate legal action to see that there is compliance with the laws of the State of Mississippi.

| Very truly yours, | | |
|-------------------|--|--|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

WILLIAM W. ODOM, JR. ATTORNEY AT LAW

P.O. Box 1393 Corinth, MS 38835-1393 404 Waldron Street Corinth, MS 38834 E-Mail bodom@avsia.com Telephone: 662-286-9311 Facsimile: 662-286-9312

May 23, 2003

Via Hand Delivery

Video Gallery 1960 East 3rd Street Corinth, MS 38834

Via Hand Delivery

Video Plex 1511 Highway 72 East Corinth, MS 38834

Via Hand Delivery

Video Plex 1511 Highway 22 East Corinth, MS 38834

Manager or Assistant Manager Movie Gallery #314 600 South Cass Street Corinth, MS 38834 Via Hand Delivery

Movie Gallery 900 West Main Street Dothan, AL 36301 Via Certified Mail Return Receipt Requested

Movie Gallery 900 West Main Street Dothan, AL 36301 Via Certified Mail Return Receipt Requested

Re: Obscene Material

Dear Sirs or Madams:

The City of Corinth, Mississippi has received complaints of possible violations of Section 97-29-101 of the Mississippi Code of 1972, Annotated, as amended, in the rental of obscene material. According to the statute:

T/City/City795 03067

b6 b7C

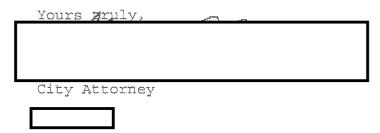
WILLIAM W. ODOM, JR. ATTORNEY AT LAW

Video Gallery Video Plex. Movie Gallery May 23, 2003 Page 2

"A person commits the offense of distributing obscene materials... when he... rents to any person any obscene material... of possesses such material with the intent to do so."

Please review your stock and remove any obscene materials from the shelves. If all obscene material is not removed within two (2) weeks of the date of receipt of this letter, appropriate legal action will be taken against you in accordance with law.

Thank you for your cooperation in this matter.



cc: City of Corinth

T/City/City795 03067

WILLIAM W. ODOM, JR. ATTORNEY AT LAW

| Video | Gallery Plex Gallery | |
|---------------|----------------------|--|
| | | |
| May 2 Page | 23, 2003 3 | |
| bcc: | | |

TAYLOR TUCKER ATTORNEY-AT-LAW

314 NORTH COURT AVENUE P 0 80X 7 LOUISVILLE, MISSISSIPPI 39339

FAX (662) 773 9255 EMAIL ttucker@telapex.com.

TELEPHONE (662-773-9254

May 24, 2001

Discount Video

432 North Church Avenue Louisville, MS 39339

Movie Place Video No. 4 504 South Church Avenue Louisville, MS 39339

Movie Gallery 516 North Church Avenue Louisville, MS 39339

I have received complaints of possible violations of Section 97-29-101, Mississippi Code of 1972, Annotated, in the rental of obscene material. According to the statute

"A person committs the offense of distributing obscene materials. . .when he . . rents to any person any obscene material . . . or possesses such material with the intent to do so."

This letter is a request for you to review your materials and remove any obscene material from your business establishment.

If all obscene material is not removed within thirty (30) days of this letter, I will take the appropriate legal means to see that there is compliance with the state law.

Prosecutor For The City
Of Louisville, Mississippi

TT/dc

THE CITY OF STARKVILLE MUNICIPAL COURT

City Hall 101 Lampkin Street Starkville, Mississippi 39759 Phone: (662) 323-1491 · Fax (662) 615-4141

William D. Eshee, Jr.

Municipal Judge

Rodney P. Faver Prosecuting Attorney

Tony M. Rook
Court Administrator

Debra Wood

September 9, 2004

Movie Gallery Services, Inc. 900 West Main

900 West Main Dothan, AL 36301

RE: Obscene Material

Dear Mr

I have received complaints of possible violations of Section 97-29-101, Mississippi Code, 1972, Annotated, in the rental of obscene material. According to the statute:

"A person commits the offense of distributing obscene materials... when he... rents to any person any obscene material... or possesses such material with the intent to do so."

I writing this letter and requesting that you review your materials and remove any obscene materials from your business establishment.

If all obscene material is not removed within thirty (30) days of this letter, I will take the appropriate legal means to see that there is compliance with the State Law.

Prosecutor for the City of Starkville, Mississippi

b6 b7C



HEINTON & WILLIAMS LLP 1751 PINNACLE DRIVE, SOFFE 1700 SCH, AN VERGINIA 22162

161 703 - 714 - 1410 CAN 703 - 714 - 7410

PETER H. WHITE OIRECT DIAL ?03-714-7461 FMAIL - painte/honon care

FELT- NO. 59893-000004

April 29, 2003

Deputy Commonwealth's Attorney County of Loudoun, Virginia 20 East Market Street Leesburg, Virginia 20176-2809

Dear Mr

As you know, we represent the Movie Gallery store located at 609 East Main Street, Suite AA, Purcellville, Virginia. This store is currently the subject of a public nuisance investigation by your office pursuant to Title 48 of the Virginia Code.

As I mentioned in our telephone conversation yesterday, we believe that this store has at all times operated in a legal and responsible manner. However, in the interest of good corporate entrenship, the Movie Gallery has decided to close its back room, which has not been open to the public since March 12, 2003. In exchange for this concession, you have agreed in our telephone conversation today that your office would not institute legal proceedings of any kind against this store or its owners as long as the Movie Gallery did not reopen the back room portion of this store at this location. Please respond confirming my understanding of our agreement for our liles.

We appreciate your consideration of this matter. Please give me a call at have any questions.

Sincerely,

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COMMONWEALTH of VIRGINIA Office of the Commonwealth's Attorney

ROBERT D. ANDERSON

COMMONWEALTH'S ATTORNEY

OWEN D. BASHAM

DEPUTY
COMMONWEALTH'S ATTORNEY

County of Londonn 20 East Market Street Leesburg, Virginia 20176-2809 (703) 777-0242 metro 478-8422

fac (703) 777-0160

JULIE A. CARLSON

VICTIM WITNESS COORDINATOR (703) 777-0417

May 2, 2003

Hunton & Williams LLP 1751 Pinnacle Drive, Suite 1700 McLean, Virginia 22102

Dear Mr

Please consider this letter as acknowledgment of your correspondence dated April 29. 2003. Your letter correctly outlines the terms of our agreement with respect to the Movie Gallery. However, be advised that the Office of the Commonwealth's Attorney intends to periodically inspect the Movie Gallery store located at 609 flast Main Street. Suite AA, Purcellville, Virginia to ensure that it continues to fulfill its obligations per our agreement. We will retain the evidence seized pursuant to the search warrant for a reasonable period of time should we need to present it to the Grand Jury.

Thank you for your cooperation in this matter

Sincergiv,

Deputy Commonwealth's Attorney





COMMONWEALTH of VIRGINIA

Office of the Commonwealth's Attorney

ROBERT D. ANDERSON COMMONWEAUTH'S ATTORNEY

OWEN D. BASHAM

DEPUTY COMMONWEALTH'S ATTORNEY County of Loudoun 20 East Market Street Leesburg, Virginia 20176-2809 (703) 777-0242 metro 478-8422 Lax (703) 777-0360

JULIE A. CARLSON

VICTIM WITNESS COORDINATOR
(703) 777 0417

June 9, 2003

| 231 Frazer Drave Purcelly:Ile, Virginia 20132 | |
|---|--|
| Re: Purcellville Move Gallery | |
| Den Ms. | - |
| Thank you for your assistance in Purcellyille Movie Gallery | dealing with the missince allegations against the |
| Virginia and the Movie Gallery under terback room portion of the store to distribute receiving copies of the correspondence l | agreement between the Commonwealth of rms that the Movie Gallery will not reopen the atex-rated nuterials in Purcelly Me. I am between the Moyte Gallery's legal counsel and ory to all. Should you have questions, I can be |
| In the future, if you observe a res | amption of these activities please advise me |
| | Sincerely yours. |
| | |
| | Deputy Commonwealth's Attorney |

***** INVOICE

(O)(CE: 9056187

CUETOMER NO. HOVIE

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Digital Sin, Inc. 2:345 Lassen Street Chatsworth, CA 7:31:

0000097

Movie E Attn: C 700 W Dothan Street AL 36301

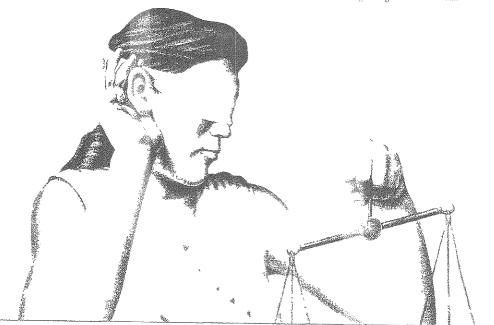
900 W 700 W. Main Street Dothan 36**36**[

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GENT APPEAL TO THE DEPARTMENT OF JUSTICE:

DOJ and State Prosecutors throughout the country should begin immediate investigations into the products and practices of Movie Gallery Video Stores, and aggressively enforce Federal and State laws regarding obscene material



Millions of American families are speaking with one voice to keep Movie Gallery's hard-core porn out of our towns. Is DOJ listening?

Movie Gallery is America's largest retailer of hard-core sex videos, and their attempt to acquire family friendly neighborhood Hollywood Video stores across the U.S. is a serious threat to our communities!

WHAT JUSTICE SHOULD KNOW
Hollywhold Video is the nation's number three home video chairs with some 1900 family video stores through out the country. Movie Gallery is the number two chain and they are the largest retailer of hard one prinsegraphy is the U.S. Their 2009-stores are located in smaller hand and secondary markets but their approximately. Se60 chill lion but to buy Hollywood's a operation will put them hight where they want to be 'un front of most every American family with a chance to expand dissimbution of barrierote permographic maternal.

family with a chance to expand discussion on the hollywood.

Vicine Gallen's offer is on the table. Hollywood.

Video's Board could soom rote to accept it. But here, the board news. More Cullen's next just bringing family that to discussion houseons.

In more than 400 of their stores. More Gallery features back from stacked with tacks full of hard core pornography featuring back that can the printed in this space. Explicit R rated and NC 17 videos also him their shelves mixed in with the general releases outside the shelf of their core tooms. It is not at all uncontinuous to field these videos in fall time it children and racked diversity rate the back videos action.

Association in the state of the

WHAT MOVIE GALLERY KNOWS

for Malagen Movie Gallery's co founder and CEO
has repeatedly unored all reasonable requests to supplied
ficking that decre pomography. As a former automat
Malagen must understand that some of the sexual mater
at they rent and sell of exposed to the high of legal servicin
is likely to be loand allocal. After all the and his Board State

alreach been forced to close several hard core back rooms in Mississippi to a tool obscenity prosecutions. Yet he has consistently pot profit over principal in order to expand the reach of his company's pornography distribution. Movie Galleris 2003 Annual Report gives a glithippie into the economics of keyl Police hode sides and rentale provide: a whopping 60% of movie studio revenue-studios whose films frat run in theater chains across America. But sex video producers don't have the same network of diseases and must lear more feasible on a distribution channel like Walugen and Movie Galleri withingit provide.

With thousands of adult movies produced each year they have to go somitishers. That means if Hollwood Video's Board's otes yes to this merger offer it will invite diackil make their 1900 neighborhood oudets available to the pomography industry and hard core poin merchants like Malugen.

Amence But sex video producers dont have the same network of thesets video producers dont have the same network of thesets and must lean more heavily on a distribution channel like. Valugen and Movie Gallery vidingly provide.

With thousands of adult moves produced each year they have to go somewhere. That means if Hollwood Video Board or better that means and different the last thing we need is major disposability for the coltural pollution they dump to the pornography must and hard core port merchants like Malugen.

WHAT'S AT ISSUE

The assist bette is line enforcement funce knows that all hard-core is line enforcement is unce knows that all hard-core betseemy is flegal Period.

Sate and Federal governments has a long recomized a competing interest in protection gottern from the harms of hard one pornography and obsection. Form the States expressly problem the distribution of obscents and underfederal tax is flegal to transport descent marked and underfederal tax will be the states is these and obscents. Form the harms where 90% of retail set videos originals and control of the control of the control of the processing and the control of the processing and the control of the processing and the control of the control of the processing and the processing and cole of the processing and the processi

Amendment despite years of attempts by purnographics to fover the bay. It is about the message DOI has sent to State and local prosecutions for the past decade that investigation and prosecutions for the past decade that investigation and prosecutions for companies like Movie Gallery and men like local ballight and his Board are NOT a priority. It is small to charge that.

WHAT MUST BE DONE



American Family Association Family Research Council Focus on the Family Concerned Women For America

Catholic League National Coalition for the Protection of Children & Pamilies

Parents Television Council Coral Ridge Ministries Ethics & Religious Liberty Commission American Decency Association

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AFA

American Family Association PO Drawer 2440 · Tupelo, MS 38803 · www.afa.net

Press Release

FOR IMMEDIATE RELEASE

January 18, 2005

Contact: Kathryn Hooks 662-844-5036 X227

AFA says Movie Gallery plans to invade small town America with porn

Tupelo, MS –Randy Sharp, director of special projects for the American Family Association, predicts Movie Gallery's XXX rooms will infiltrate hundreds of small town Hollywood Video stores with porn upon the merger between Hollywood Entertainment Corporation and Movie Gallery.

Movie Gallery announced the definitive merger agreement last week. The combined company will be the second largest North American video rental company with approximately 4,500 stores located in all 50 U.S. states, Canada and Mexico.

"We have reason to believe that chairman Joe Malugen plans to add his infamous 'Mature Gallery' in hundreds of Hollywood stores," Sharp said. "A corporate headquarters employee tells us attorneys have OK'd plans to add XXX rooms to 800 of the acquired stores."

Because many citizens in America are now fighting back for decency and working with local law enforcement agencies, Movie Gallery was forced to shut down some of their "back rooms" to avoid obscenity prosecution. Sharp cites six cities in Mississippi where Movie Gallery closed down its XXX rooms only after receiving letters from prosecutors stating it was in violation of the state obscenity statute.

"Until chairman Joe Malugen has been warned he may face criminal charges, his company has disregarded the law altogether," Sharp said.

Sharp says he hopes Hollywood stockholders will take note of what Movie Gallery plans to do with their company once it takes over.

"American families will not allow this kind of toxic perversion and its resulting atrocities to invade their small towns, and Joe Malugen, the rising king of porn, should take note of appointed attorney general Albert Gonzales" pledge to focus on obscenity enforcement," Sharp said.

For more information on AFA's Movie Gallery boycott visit: www.stopmoviegalleryporn.com

American Family Association is an online family advocacy organization with over two million supporters.